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Spain

Exporter Guide

Annual

2008

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Report Highlights:
In 2007, Spain's agriculture, fish and forest product imports from the United States were valued at $1.7 billion, up 60 percent from 2006. Five percent of Spain's agriculture and food imports come from the United States. Spain offers market opportunities for consumer-oriented agricultural products, particularly for tree nuts, where the United States enjoys a 53 percent import market share. Spain also offers excellent opportunities for U.S. fish and seafood exporters. This report provides guidance to U.S. companies interested in exporting high value consumer ready food products to Spain and includes an overview of the country's economic situation, market structure, and export requirements.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Madrid [SP1]
[SP]

INDEX

SECTION I. SPAIN MARKET OVERVIEW

SPAIN ECONOMIC TRENDS

	2004	2005	2006	2007	2008*	2009**
ECONOMIC TRENDS						
Inflation (%)	3.2	3.4	2.7	4.3	**5.0**	**5.0**
Unemployment (%)	11.0	8.7	8.5	8.3	**11**	**11**
GDP at Market Prices (%)	3.1	3.4	3.8	4.1	**4.3**	**4.3**
GDP per Capita (USD$)	19,388	25,504	27,767	30,120	**30,765**	**31,373**
AGRICULTURAL PRODUCTS IMPORTS ($ Million) (1)						
Total Agricultural, Fish and Forestry Products	25,981	28,129	30,087	34,904	**35,000**	**35,100**
Total U.S. Agricultural, Fish and Forestry Products	1,282	1,185	1,046	1,697	**1,700**	**1,800**
Total Food Products	22,811	24,614	26,205	30,690	**31,000**	**31,300**
Total U.S. Food Products	1,050	954	813	1,464	**1,500**	**1,500**
Total Fish and Seafood Products	5,287	5,659	6,429	6,893	**7,000**	**7,100**
Total U.S. Fish and Seafood Products	83	78	94	136	**150**	**150**
RETAIL SECTOR (2)						
No. of Retail Stores	54,255	51,962	49,797	47,700	**47,000**	**46,500**
Total Retail Sales ($ Million)	66,134	70,401	74,436	78,900	**80,000**	**79,000**
Retail Sales Share by Type of Store (%)						
Hypermarkets	17.4	17.2	17	15	**16**	**16**
Supermarkets	43.8	45.0	46	49	**48**	**48**
Traditional Stores	29.8	29.3	29	27	**24**	**24**
Others	9.0	8.5	8	9	**12**	**12**

(1) Global Trade Atlas (GTA)
(2) Sector Magazines
(*) Estimates
(**) Forecast

Spain has a diversified distribution structure for food products ranging from traditional distribution methods, in which wholesalers sell to small shops that sell to the public, to large multinational supermarkets and retail stores. Department stores, hypermarkets, shopping centers and very specialized outlets are introducing the customer fidelity concept, which usually involves issuing client cards, cumulative discounts and special offers for frequent customers. New selling techniques are becoming very popular. Vending machines have spread throughout Spain in the last decade. Direct marketing by mail order, telephone, TV or electronic commerce is growing considerably.

The European Union (EU) establishes the rules and regulations governing acceptable sanitary, phytosanitary, general trade, and labeling in Spain. As a result, U.S. exporters, already exporting to other EU countries, more than likely already know and can meet most of the requirements for exporting to Spain. The key for a U.S. exporter wishing to enter this market is to find an agent or distributor, or to establish a subsidiary. A representative in Spain will likely know the different consumption patterns and preferences in each of the country's 17 autonomous regions. The Office of Agricultural Affairs in Madrid is dedicated to helping U.S. exporters access the Spanish market. Please contact us at:

Foreign Agricultural Service
American Embassy, Madrid
PSC 61, Box 20
APO AE 09642
Tel. 34-915872555
Fax: 34-915872556
Email: AgMadrid@usda.gov / AgIberia@usda.gov
http://www.embusa.es/

American Embassy, Madrid
Serrano, 75 – Box 20
28006 Madrid
Spain

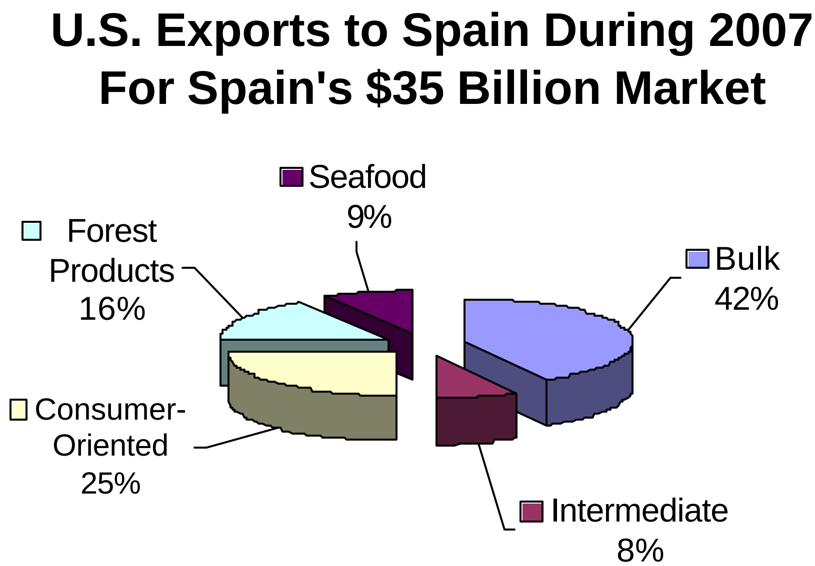
Market opportunities for U.S. tree nuts, seafood products, grains, feeds, beans, lentils, and high-value consumer foods exist in Spain. Below are key points regarding the market:

- Sales channels range from traditional distribution methods to large multinational supermarkets and retail stores.
- Department stores, hyper and supermarkets, shopping centers and very specialized outlets are introducing the customer fidelity concept.
- Direct marketing by mail order, telephone, TV or electronic commerce is growing considerably.
- Vending machines have spread throughout Spain in the last decade.

ADVANTAGES AND CHALLENGES FACING U.S. PRODUCTS IN SPAIN

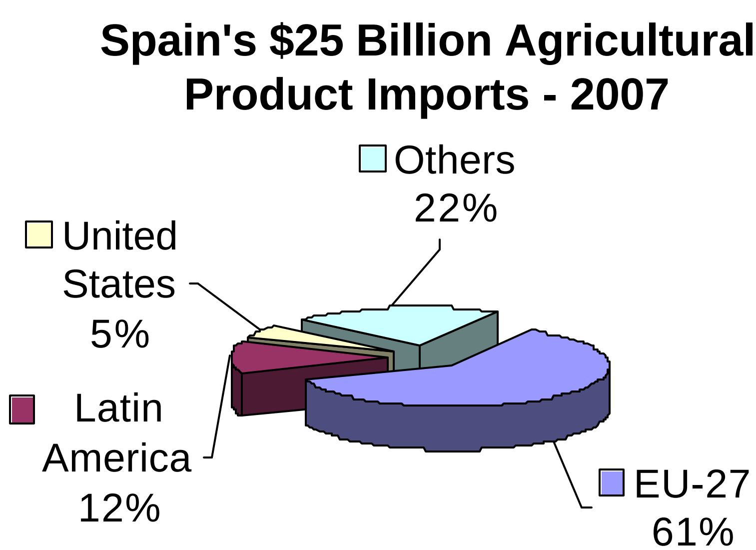
Advantages	Challenges
Growing niche markets such as ethnic foods.	High marketing costs (advertising, discounts, etc.) are necessary.
Interest in high-quality products.	Competition with similar food products produced in other EU countries that enter tariff free.
High consumer interest in new products.	Potentially higher shipping costs from the U.S.
Relative weakness of U.S. Dollar.	Supermarket and hypermarket shelf space is expensive.
Reduced fish catch from European waters while consumer demand remains strong.	Reluctance to purchase products containing genetically modified ingredients.
Modern food distribution system.	EU labeling and packaging laws.

Spain Market for U.S. Agricultural Products



SOURCE: BICO

Competition for Spain Market for Imported Agricultural Products



SOURCE: Global Trade Atlas

SECTION II. EXPORTER BUSINESS TIPS

Local Business Customs

Success in introducing your product in the Spanish market depends on acquiring local representation and making personal contact. The advantages of local representation include market knowledge, up-to-date information and guidance on business practices and trade laws, sales contacts, and market development expertise.

Spain has a number of sales channels ranging from traditional distribution methods, in which wholesalers sell to small shops that sell to the public, to large multinational supermarkets and retail stores. However, personal relationships are still very important, especially within smaller organizations. There is no substitute for face-to-face meetings with Spanish business representatives in order to break into this market.

The decision-making process within a Spanish company may be different from that in the United States. An initial "yes" usually means that the company will study the situation, and not necessarily that they will buy the product. Once a deal is struck, the Spanish company will likely expect the U.S. firm to translate into Spanish all commercial brochures, technical specifications and other relevant marketing materials. Decision makers at the Spanish firm may speak English, but the paperwork should come in Spanish.

The Spanish market is made up of a number of regional markets serviced by two major hubs, Madrid and Barcelona. The vast majority of agents, distributors, foreign subsidiaries and government-controlled entities that make up the economic power block of the country operate in these two hubs. Dealers, branch offices, and government offices found outside these two hubs will almost invariably obtain their supplies from their Madrid and Barcelona contacts rather than engage in direct importation.

General Consumer Tastes and Preferences

The traditional Spanish diet, the co-called “Mediterranean Diet”, which has been based on seafood, meat, vegetables, salads, fresh fruits, olive oil and wine, is being challenged. As consumers have less time for food preparation, the Spain market is increasingly characterized by a trend toward more novelties and specialties, less basic foodstuffs, more “natural” and delicatessen foods, and more prepared and ready to eat products favoring convenience. Consumers are also increasingly responding to high quality and attractive packaging. Influenced by constant advertising in the daily and weekly press and TV, consumers tend to follow fashionable trends, use new products and adopt new consumption habits. Increasing travel abroad by Spaniards, as well as a growing influx of foreign tourists into Spain, is also increasing demand for new products and an interest in ethnic foods, in particular. In addition, Spanish consumers are health conscious about food. Problems or potential problems concerning food safety are widely publicized and usually receive immediate attention from government agencies.

Food Standards and Regulations

For more information on food standards and regulations, please consult the Food and Agricultural Import Regulations and Standard (FAIRS) and FAIRS Export Certificate Reports for the EU and for Spain at http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp Also, please check the U.S. Mission to the European Union web page at http://www.useu.be/agri/expguide.html, which will provide information to help guide you on exporting into the EU.

Spain Market Access Reports

We have also developed Spain Market Access reports for fishery products, tree nuts products and pulses products, which can be found at the following address:
http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp

General Import and Inspection Procedures

Spain uses the Harmonized Nomenclature and Classification System (HS) and applies import duties according to a maximum and minimum rate schedule. The minimum tariff rate is applied to goods originating in countries entitled to the benefits of most-favored nation treatment (that is, members of the World Trade Organization (WTO) and countries with which the EU has signed trade agreements) including the United States. However, the EU has negotiated free-trade agreements, providing in many cases tariff-free access to the European market, which can leave the U.S. exporter at a disadvantage.

The local importer is the first responsible to the Spanish Government of imported food products when they enter Spanish territories. Therefore, the Spanish agent/importer should guide you through the entire process to market your product in Spain.

The following documents are required for ocean or air cargo shipments of food products to Spain:

Bill of Lading and/or Airway Bill
Commercial Invoice
Phytosanitary Certificate and/or Health Certificate when applicable
Import Certificate

> Most food products require an Import Certificate issued by the competent authority. However, the Import Certificate is obtained the Spanish importer and/or the agent involved in the business and is intended for tariff classification purposes.

Please keep in mind that if the product you are exporting into the Spain does not comply with EU harmonized regulations, Spanish customs or health authorities may not allow entry of the product.

For more information on import and inspection procedures in Spain, please see Food Standards and Regulations within this report.

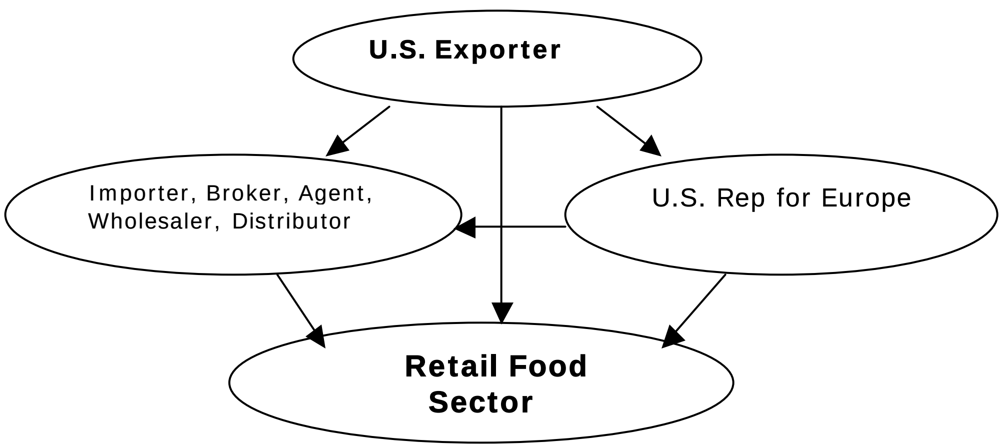
SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

Food Retail Sector

The Spain retail food market is diversified. Hypermarkets/supermarkets, convenience stores, major discount stores and specialized stores coexist with the traditional corner grocery stores and open-air markets, even though the total number of retail outlets has decreased significantly in the last decade.

- In Spain, hyper and supermarkets account for 60 percent of total food sales.
- There is increasing competition in the scope and range of product offerings, including ready-to-eat and/or ready-to-cook foods, take away meals, and home delivery and the prices and services retailers offer consumers.
- An increasing supply of imported products has intensified competition among suppliers and retailers.
- EU Member States are the first suppliers of imported consumer-ready products, including seafood.

Market Structure:



For more information on the Spain Retail Food Sector, please consult the retail sector reports for Spain at http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp

HRI Sector

The HRI sector expanded significantly during the mid 80’s and 90’s and into 2007, as a result of the profound social and economic changes unleashed upon Spain’s accession to the EU in 1986. The expansion is not yet complete, nor has it slowed much over the years, so we expect that the sector will be of growing interest to some U.S. exporters.

Synopsis of the Spain HRI sector:

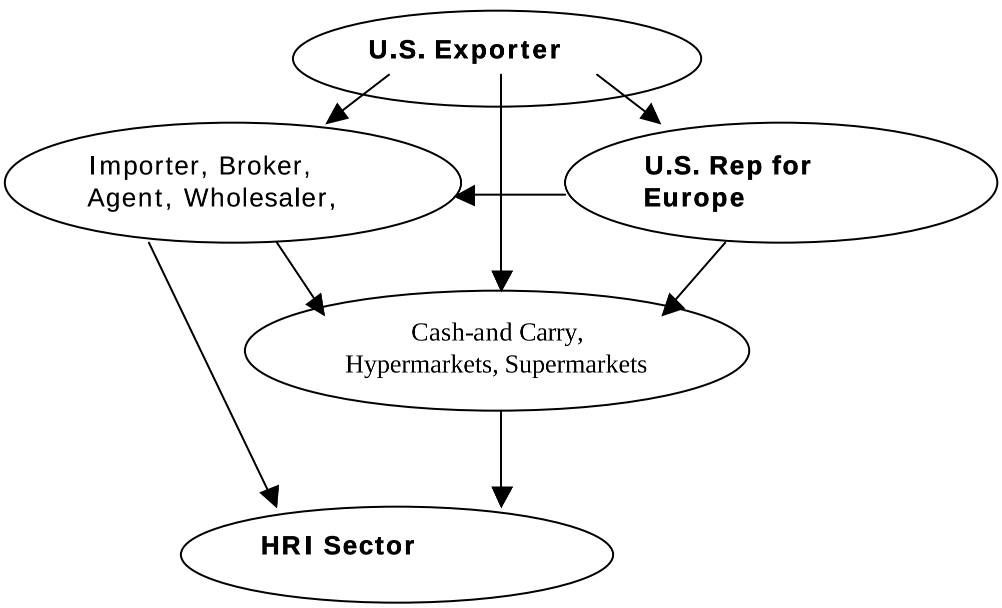
- The Iberian Peninsula is one of the top tourism destinations in Europe with increasing numbers of tourists every year, boosting demand for meals in the HRI sector;

- In Spain, the HRI sector accounts for about one third of all food consumed;

- Restaurant chains, including ethnic and fast food, are gaining market share and are expected to continue growing; and,

- Consumption of ready-to-eat/take away food continues to grow as consumers substitute home-cooked for convenience and timesaving. Most hyper and supermarket chains now offer ready-to-eat/take away food, and there is an increasing number of food outlets specializing in take-away food, ranging from barbecue to more traditional meals.

Market Structure:



For more information on the Spain HRI Sector, please consult the HRI sector reports for Spain at http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp

Food Processing Sector

The Spanish food-processing sector modernized and expanded significantly during the last couple of decades. With integration into the European Union in 1986, the Spain food-processing sector began a profound modernization in order to adapt to new EU requirements. Spain now has some of the most competitive food processing industries in Europe, which makes this sector an important target for U.S. food-ingredient exporters.

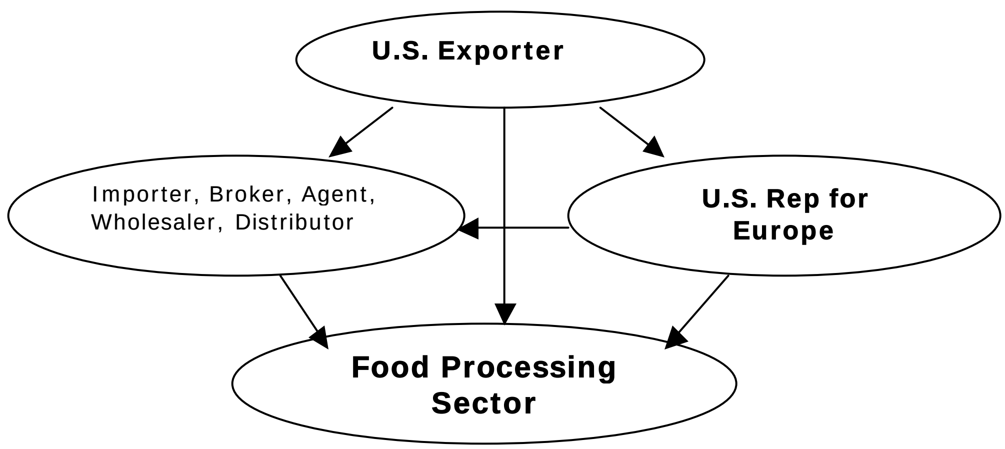
The Spain food-processing sector in summary:

- Modern, with special attention to the quality, safety, and traceability of the food products it produces.

In Spain this sector:

- Generates just under 20 percent of Spain's total industrial production, accounting for just over eight percent of the national gross domestic product;
- Is comprised of mostly small companies--about 97 percent of the 32,585 food processors employ less than 50 people; 820 employ between 50 and 200 people; 185 employ between 200 and 500 people; and only 67 food processors employ more than 500 people; and,
- Produces an estimated € 65 billion in product, of which € 13 billion is exported.

Market Structure:



For more information on the Spain food processing sector, please consult the food processing sector report for Spain at http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp

SECTION IV. BEST HIGH-VALUE PRODUCT PROSPECTS

Tree Nuts
Fish and Seafood, fresh and frozen
Forest Products
Pulses

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

If you have any questions or comments regarding this report or need assistance exporting to Spain, please contact the Office of Agricultural Affairs in Madrid at the following address:

Foreign Agricultural Service
American Embassy, Madrid
PSC 61, Box 20
APO AE 09642
Tel. 34-91 587 2555
Fax: 34-91 587 2556
Email: AgIberia@usda.gov
http://www.embusa.es/

American Embassy, Madrid
C/ Serrano, 75
28006 Madrid
Spain

Please consult our home page for more information on exporting U.S. food products to the Spain. Importer lists are also available from our office to exporters of U.S. food products. A list of trade associations and useful government agencies is provided below:

SPAIN

Trade Associations

FIAB- Federación de Industrias de Alimentación y Bebidas
(Spanish Federation of Food and Beverage Industries)

Diego de León, 44
28006 Madrid
Tel: 34 – 91 411 7211
Fax: 34 – 91 411 7344
www.fiab.es
fiab@fiab.es

FEHR – Federación Española de Hostelería
(Spanish Federation for HRIs Sector)
Camino de las Huertas, 18, 1ª
28223 Pozuelo de Alarcón
Tel: 34- 91 352 9156
Fax: 34- 91 352 9026
www.fehr.es
fehr@fehr.es

ASEDAS – Asociación Española de Distribuidores, Autoservicios y Supermercados
(Spanish Association for Distributors and Supermarkets)

Cedaceros, 11, 2 Despacho

28014 Madrid
Tel: 34- 91 429 8956
Fax: 34- 91
www.asedas.es
info@asedas.org

ANGED – Asociación Nacional de Grandes y Medianas Empresas de Distribución
(National Association of Midsize and Large Distributors)

Velazquez, 24, 5 dcha.
28001 Madrid
Tel: 34- 91 522 3004
Fax: 34 –91 522 6125
www.anged.es
anged@anged.es

Government Agencies

Imported Foodstuffs, Infections and Compound Residues, Health Certification, Port Inspection and EU Alerts
Subdireccion General de Sanidad Exterior
Ministerio de Sanidad y Consumo
Paseo del Prado, 18 y 20
28014 Madrid
Phone: (34-91) 596-2038
Fax: (34-91) 596-2047
http://www.msc.es/Diseno/informacionProfesional/profesional_sanidad_exterior.htm
E-mail : saniext@msc.es

AGENCIA ESPAÑOLA DE SEGURIDAD ALIMENTARIA (AESA)
Spanish Food Safety Agency
Alcalá, 56
28071 Madrid
Fax: (34-91) 338-0375
http://www.aesa.msc.es/aesa/web/AESA.jsp
E-mail: comunicacionaes@msc.es

Dirección General de la Industria Agroalimentaria y Alimentación
Ministerio de Agricultura, Pesca y Alimentación
Ministry of Agriculture, Fisheries and Food
Paseo de Infanta Isabel, 1
28014 Madrid
Tel: 34-91 347 5361
Fax: 34 – 91 347 5770
http://www.mapa.es/es/alimentacion/alimentacion.htm

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page at www.fas.usda.gov.

APPENDIX I. STATISTICS

Spain's Key Trade and Demographic Information

Agricultural Imports From All Countries ($Mil) / U.S. Market Share (%) [1] - **2007**	**$24,667/5%**
Consumer Oriented Agricultural Imports From All Countries($Mil)/U.S. Market Share (%) [1] **2007**	**$13,262/3%**
Edible Fishery Imports From All Countries ($Mil) / U.S. Market Share (%) [1] - **2007**	**$6,893/2%**
Total Population (Millions) / Annual Growth Rate (%) **- 2007**	**46.1/1.1%**
Urban Population (Millions) / Annual Growth Rate (%) **- 2007**	**35.6/0.03%**
Number of Major Metropolitan Areas	**5**
Per Capita Gross Domestic Product **- 2007**	**€27,767**
Unemployment Rate (%) **- 2007**	**8.3%**
Per Capita Food Expenditures (Euros) **- 2007**	**€1,438**
Percent of Female Population Employed **- 2007**	**57.4%**
Exchange Rate (US$1 = 1 Euro) **- September 2007**	**€0.68**

(1) Source: Global Trade Atlas (GTA)

Spain's Food Imports

Spain Imports (In Millions of Dollars)	Imports from the World 2005	2006	2007	Imports from the U.S. 2005	2006	2007	U.S Market Share % 2005	2006	2007
CONSUMER-ORIENTED AGRIC. TOTAL	10,367	11,270	13,262	347	359	338	3.34	3.19	2.56
Snack Foods (Excl. Nuts)	648	734	772	0	1	1	0.0	0.1	0.1
Breakfast Cereals & Pancake Mix	147	160	190	0	0	0	0.0	0.0	0.0
Red Meats Fresh/Chilled/Frozen	842	1,060	1,205	0	0	0	0.0	0.0	0.0
Red Meats Prepared/Preserved	231	262	303	0	0	0	0.0	0.0	0.0
Poultry Meat	294	253	338	0	0	0	0.0	0.0	0.0
Dairy Products (Excl. Cheese)	1,185	1,219	1,576	2	6	0	0.2	0.5	0.0
Cheese	731	770	938	0	0	0	0.0	0.0	0.0
Eggs & Products	41	46	56	2	1	1	4.1	2.8	2.6
Fresh Fruit	956	953	1,185	1	0	1	0.2	0.0	0.1
Fresh Vegetables	492	601	693	1	1	2	0.3	0.2	0.3
Processed Fruit & Vegetables	863	967	1,257	5	6	6	0.6	0.6	0.5
Fruit & Vegetable Juices	196	236	258	0	0	0	0.0	0.0	0.0
Tree Nuts	589	580	584	320	326	308	54.3	56.2	52.8
Wine & Beer	334	400	544	1	1	1	0.2	0.3	0.2
Nursery Products & Cut Flowers	257	269	286	3	3	3	1.1	1	1
Pet Foods (Dog & Cat Food)	138	162	187	2	3	4	1.7	2.2	2.2
Other Consumer-Oriented Products	2,422	2,594	2,888	8	10	11	0.3	0.4	0.4
FISH & SEAFOOD PRODUCTS	5,659	6,429	6,893	78	94	136	1.37	1.46	1.98
Salmon	180	219	179	3	9	6	1.45	4.26	3.14
Surimi	70	102	112	10	16	13	14.13	15.17	11.66
Crustaceans	1,491	1,791	1,768	31	40	51	2.10	2.24	2.9
Groundfish & Flatfish	1,161	1,413	1,582	10	12	47	0.89	0.86	2.99
Molluscs	1,212	1,237	1,323	10	10	6	0.80	0.84	0.5
Other Fishery Products	1,546	1,667	1,928	14	6	12	0.90	0.33	0.65
AGRICULTURAL PRODUCTS TOTAL	19,625	20,614	24,667	861	691	1,296	4.39	3.35	5.26
AGRICULTURAL FISH & FORESTRY TOTAL	28,129	30,087	34,904	1,185	1,046	1,697	4.21	3.48	4.86

Source: GTA

Spain's Top 15 Food Suppliers

CONSUMER-ORIENTED AGRICULTURAL IMPORTS			
($1,000)	2005	2006	2007
France	2,250,169	2,478,869	2,944,468
Germany	1,340,963	1,545,171	1,726,932
Netherlands	1,128,496	1,275,840	1,485,816
Italy	727,870	797,523	937,098
Ireland	632,526	717,284	773,558
Portugal	553,542	567,097	689,910
Belgium	523,712	582,807	643,896
United Kingdom	377,778	405,393	451,826
Denmark	337,824	371,770	405,091
United States	346,555	358,960	339,516
Brazil	216,449	214,682	302,892
Peru	178,521	180,527	226,733
Morocco	170,302	175,988	226,607
China	132,146	137,969	219,901
Argentina	164,146	148,828	176,365
Other	1,285,624	1,310,927	1,711,419
World	10,366,623	11,269,681	13,262,028

Source: GTA

FISH & SEAFOOD PRODUCTS IMPORTS			
($1,000)	2005	2006	2007
Morocco	477,284	535,067	581,369
France	293,103	389,136	449,680
Argentina	384,757	515,936	441,346
Netherlands	342,496	366,608	417,526
United Kingdom	326,619	336,250	411,267
China	233,480	302,261	316,754
Portugal	247,076	265,612	286,067
Ecuador	184,149	256,343	268,664
Denmark	251,868	265,785	257,775
Italy	267,898	293,399	256,505
Namibia	210,689	212,449	251,169
Chile	165,771	184,886	216,986
India	124,420	153,667	179,929
South Africa	145,876	138,131	149,656
Falkland Islands	131,113	110,145	139,819
Other	1,872,668	2,103,120	2,268,184
World	5,659,267	6,428,795	6,892,696